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CROSS-REFERENCE SLIP

Special Branch Registry. OFFICE

FILE NO. D. 9230(C).

SUBJECT:

Ministry of Finance of the Reformed
Government.

Policy and Programme for 1939.

[illegible]

Ref. No.....

SHANGHAI MUNICIPAL POLICE Form A
S. M. C. G. STRY
No. S. B. D. 21500
Date.....

Headquarters,

Shanghai Municipal Police,

April 14, 1939.

SECRET

SUBJECT

Policy and Programme of the Ministry of Finance of
the Reformed Government for 1939.

The Commissioner presents his compliments to ~~The Secretary;~~
S. M. C.
and begs to forward herewith the following documents relative to the
subject referred to above

1. Copy of a report.
- 2.
- 3.
- 4.
- 5.

FILE

P. A. to D. C. (So. Br.)
14/4

SHANGHAI MUNICIPAL POLICE .
-----R E P O R TPOLICY AND PROGRAMME OF THE MINISTRY OF FINANCE OF THE
REFORMED GOVERNMENT FOR 1939.

The policy and programme of the Finance Ministry of the Reformed Government of China as mapped out by the Japanese Special Service Section is presented in the following outline. The Minister is Mr. Chen Chin-tao, a former Finance Minister of the Peking Government and until 1937 Chairman of the Currency Reform Board of the Finance Ministry of the National Government of China.

A. Concerning the Salt Revenues:**1. Establishment of Salt Administrative organ:**

The development of the functions of the Salt Administrative organ is closely related with the peace and order of the society and the organization of the police machinery. The work of establishment shall be slow. It has to be developed when the peace and order of the society has improved and when its functions can be easily exercised. At the beginning the simplest method of organization shall be adopted. The training of personnel and the means and ways of organization should be brought in line with improvements in the general order and security.

2. Control of Salt Transportation and Salt Trade:

The Salt Control system is so important that considerable investigation should be carried

out first. Business permits will be issued to merchants when the Administrative organ is established and the business shall be under State control. The personnel and the organization of the control system should be carefully selected and thoroughly trained.

3. Salt Control Police and Sea Patrol Corps:

The Police of the Salt Administration and Sea Patrol Corps should not be an independent force. They are to be supplied by the Pacification Army and the Police Corps.

Before the Establishment and completion, a group of unarmed Salt Police shall be employed.

B. Investigation and Revision of Duties:

Study the system of existing tariff and Salt Taxes for reference of further revision. Prepare for legitimate revision of various kinds of duties.

Enlarge gradually the autonomous rights of the Customs Administration. Avoid the friction which may arise from opposition by any third nation in the carrying out of a new Customs policy, the final aim of which is to secure complete Customs control by New China.

C. Settlement of Monetary System:

Establish suitable Government Banks. Settle the monetary policy with a view to eliminating the disturbing character of the currencies of third Powers.

D. Reform the System of Budget and Financial Statement:

1. The Accounting Law shall be instantly formulated and strictly executed in order to make the Budget

accurate. Meanwhile an auditing bureau shall be established in order to audit the budget and the financial statements.

2. Beginning from 1940, when formulating the annual budget, each ministry has to examine carefully its programme. At the end of August, the budget has to be completed and submitted for approval to the Ministry of Finance which should complete the examination by the middle of October. The Executive Yuan then shall submit the budget to the State Council. After having been approved by the State Council, each Ministry shall be allowed to carry out its work according to the budget as from the middle of November.

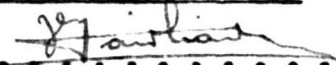
E. Establishment of an Opium Administration Bureau:

1. Opium Monopoly Bureau shall be established without delay. Revenue derived from opium shall be used for the development of charitable services and the improvement of the welfare of the general public.

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Certified true copy:


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MEMO.

13-4-39

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Information

CONFIDENTIAL

Cp) to Sec. Sent 14/4/39



Thos Roberton

D. C. Special Branch.

SECRET

April 13, 1939.

POLICY AND PROGRAMME OF THE MINISTRY OF FINANCE OF THE REFORMED GOVERNMENT FOR 1939.

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The development of the functions of the salt administrative organ is closely related with the peace and order of the society and the organization of the police machinery. The work of establishment shall be slow. It has to be developed when the peace and order of the society has improved and when its functions can be easily exercised. At the beginning the simplest method of organization shall be adopted. The training of personnel and the means and ways of organization should be brought in line with improvements in the general order and security.

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The salt control system is so important that considerable investigation should be carried out first. Business permits will be issued to merchants when the administrative organ is established and the business shall be under state control. The personnel and the organization of the control system should be carefully selected and thoroughly trained.

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P.A. to D.C. (Sp Br.)
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